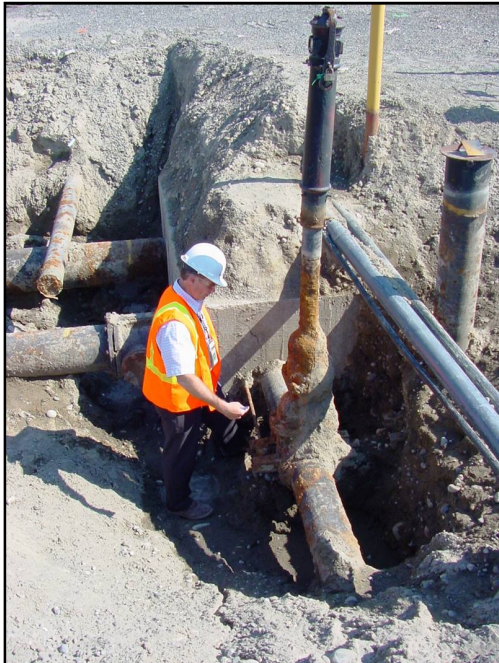


PHMC Contract Overview

**B. J. Hanni, President and Chief Executive
Officer/(509) 372-2683**



***Closure Services and
Infrastructure staff working
on mortar lining a
12-inch water line***



***Hanford Patrol Wins Over 165
Awards At US National Pistol
Championship***

Overview

This section of the report is intended to provide an executive-level performance overview. Unless otherwise noted, all information is as of October 2008.

Included in this section are descriptions of significant accomplishments considered to have made the greatest contribution toward safe, timely, and cost-effective progress against the contract with RL; project cost summary analysis; and overviews of safety and critical issues that identify the high-level challenges to achieving cleanup progress.

Notable Accomplishments

Safeguards and Security (PBS RL-0020)

- All required contractor employees have been enrolled in the Personal Identity Verification badging system.
- Safe and successful completion of Hanford Patrol semi-annual firearms qualifications.

Nuclear Facility Decontamination and Decommissioning (D&D), Remainder of Hanford (PBS RL-0040)

Reliability Projects

- Received Washington State Department of Archaeology and Historic Preservation approval of Project L-614, *Repeater Sites Safety Renovations*, Memorandum of Agreement and Treatment Plan which allows FH to proceed with field work.
- Completed definitive design and bid package preparation for L-658, *Construct Two Salt/Sand Sheds – 300 and 200 East Areas*.
- Submitted special equipment requests for capital equipment replacements to RL for approval.
- Made significant progress on Project L-449, *Mortar Line 12-inch Water Line*, construction activities
 - Completed cleaning, scrapping, camera recording of internal conditions and lining between 7th and 4th Streets.
 - Completed excavations at 3rd Street.

HAMMER

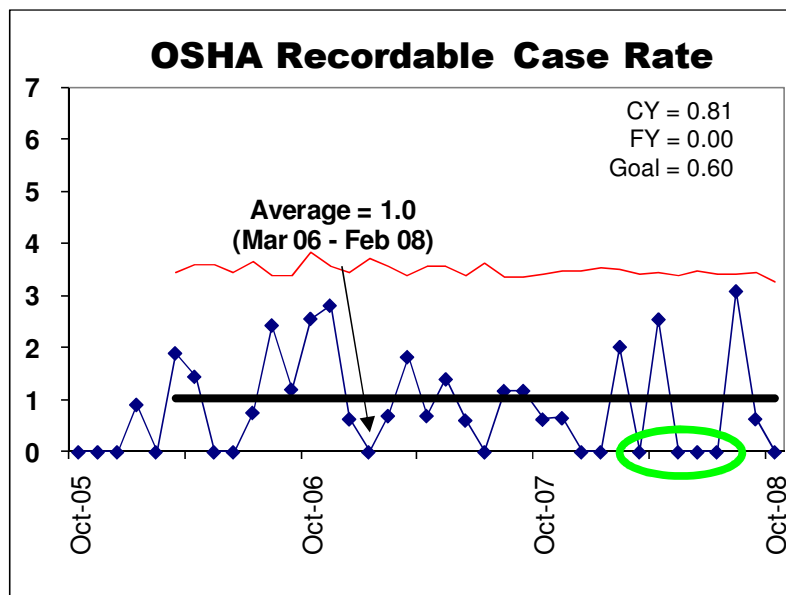
- Dedicated two rooms in the AI Alm Building to support the Site Resource Pilot Program.
 - Housed approximately 150 employees.
 - Worked quickly to identify and coordinate installation of 20 computers and 15 phones.
- The Port of Entry modifications are nearing completion
 - Completed the electrical upgrade to the facility.
 - Installed the Thermo Advance Spectroscopic Port (ASP) Monitor which completes the new portal monitor installation along the East lane.
- Completed the parking lot lighting project near the AI Alm Building. Four lights were added to the parking lot providing a safe area for students to utilize while attending training at HAMMER.

Safety Overview

The focus of this section is to document trends in occurrences. FH continues to focus on improving safety through the efforts of the PHMC workforce as they implement the Integrated Environmental Safety and Health Management System, work towards achieving and maintaining Voluntary Protection Program "Star" status, and accomplish work through enhanced work planning. Safety and health statistical data is presented below. The safety charts are reported according to Occupational Safety and Health Administration (OSHA) standards.

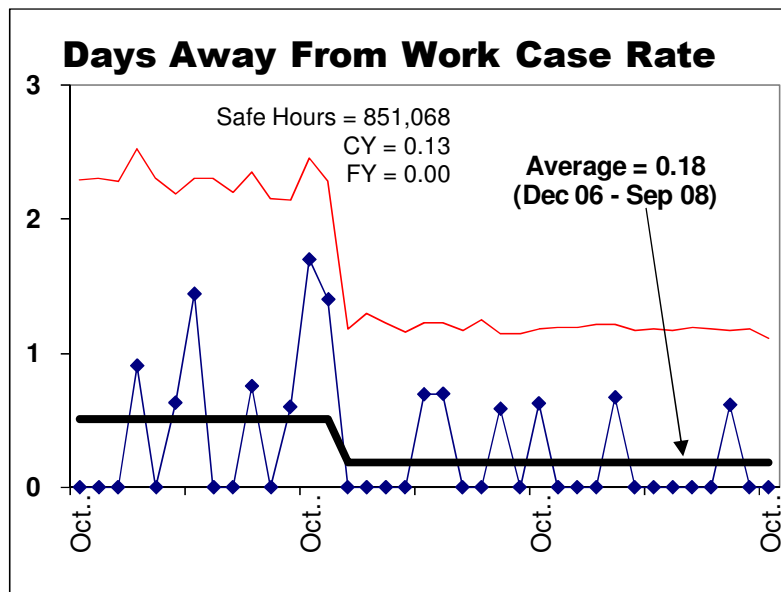
NOTE: Fiscal Year 2009 started October 1, 2008. These charts reflect the work scope of the PHMC with the Plateau Remediation Contract scope removed. Both the current and the historic data have been revised to reflect the PHMC scope.

Total OSHA Recordable Case Rate:



No recordable injuries reported in October. As noted by the green circle, there was a decreasing trend in the summer of 2008. However, August 2008 was nearly significantly high. Future months performance will be monitored to determine if the decreasing trend returns.

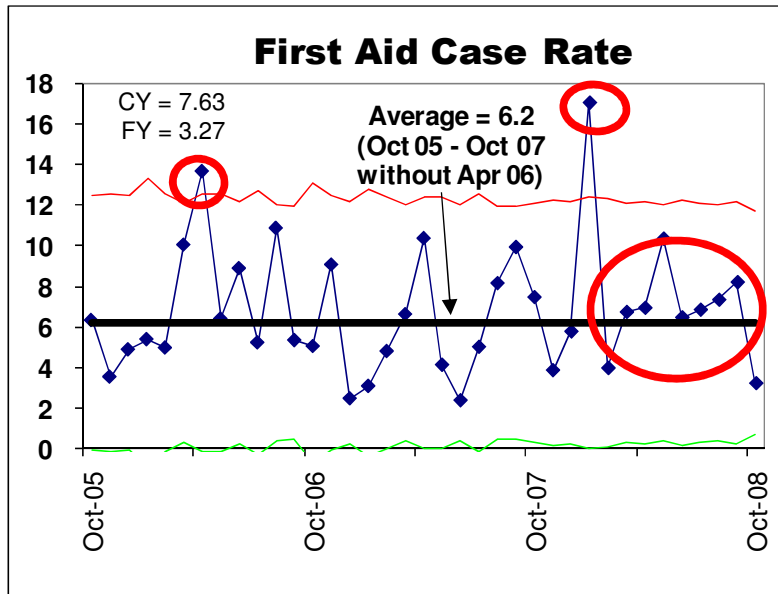
OSHA Days Away From Work (DAFW) Case Rate:



There were no DAFW injuries reported in October. The case rate is stable on the 0.18 baseline.

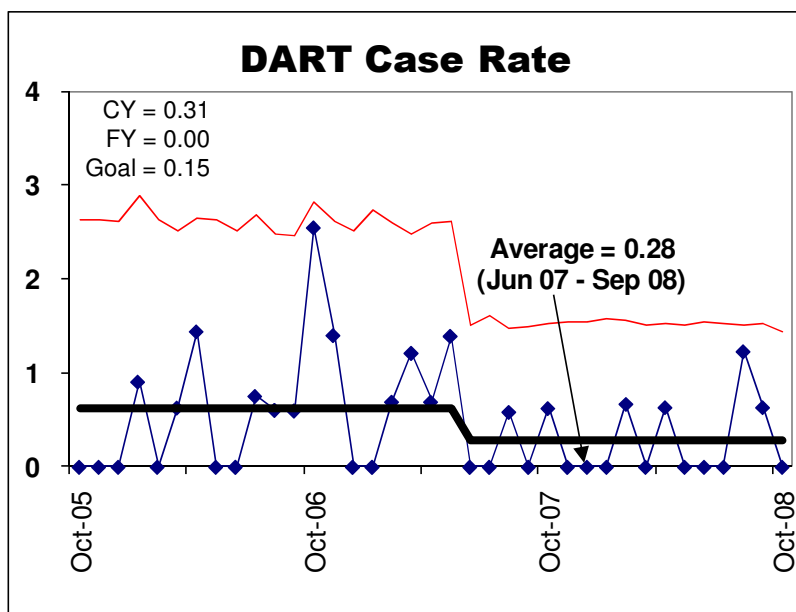
Safety Overview, continued

First Aid Case Rate:



After an increasing trend in the FY 2008 history, October 2008 returned to below baseline. Future data will be monitored to determine if the increasing trend returns.

Days Away Restricted/Transferred (DART) Case Rate:



There were no DART cases in October. The case rate is stable at 0.28.

Schedule/Cost Performance (\$M)

Both Current Month and Fiscal Year to Date performance is presented below. Variances addressed are at the Fiscal Year to Date level.

Current Period (October)		Budgeted Cost of Work Scheduled	Budgeted Cost of Work Performed	Actual Cost of Work Performed	Schedule Variance \$	Schedule Variance %	Cost Variance \$	Cost Variance %	Budget At Completion
RL-0020	Safeguards & Security	\$4.5	\$4.5	\$3.6	\$0.0	-0.9%	\$0.9	19.3%	\$68.1
RL-0040	Nuclear Facility D&D, Remainder of Hanford	\$1.5	\$0.9	\$1.0	-\$0.7	-43.1%	-\$0.1	-14.8%	\$17.8
	General Site Services	\$44.8	\$44.8	\$44.9	\$0.0	-0.1%	-\$0.1	-0.2%	\$170.5
Subtotal Sub-project Work scope		\$50.9	\$50.2	\$49.5	-\$0.7	-1.4%	\$0.6	1.3%	\$256.5
400.01.01	Request for Services (RFSs)	\$0.5	\$0.4	-\$0.1	-\$0.1	0.0%	\$0.4	114.4%	\$6.7
400.01.02	HAMMER RFSs	\$0.5	\$0.5	\$0.0	\$0.0	0.0%	\$0.5	0.0%	\$2.2
400.01.03	National Guard Bureau RFS	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.0
400.02.01	WFO Transfers - CHPRC	\$1.3	\$0.9	\$2.7	-\$0.4	-31.3%	-\$1.8	-198.3%	\$22.4
400.02.02	WFO Transfers - WRPS	\$0.3	\$0.3	\$0.4	\$0.0	0.0%	\$0.0	-15.1%	\$4.4
400.02.03	WFO Transfers - CHG Closeout	\$0.0	\$0.0	-\$0.2	\$0.0	0.0%	\$0.2	0.0%	\$0.0
400.03.01	WFO Non-Transfers - PNNL	\$0.1	\$0.1	\$0.1	\$0.0	-40.4%	\$0.0	-0.5%	\$0.8
400.03.02	WFO Non-Transfers - BNI	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	-13.6%	\$0.0
400.03.03	WFO Transfers - AMH	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	6.0%	\$0.2
400.03.04	WFO Transfers - ATL	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	50.0%	\$0.1
400.03.05	WFO Transfers - WCH	\$0.1	\$0.1	\$0.1	\$0.0	0.0%	\$0.0	-18.8%	\$0.7
Total Work For Others		\$2.8	\$2.2	\$3.0	-\$0.6	-20.3%	-\$0.8	-34.8%	\$37.4
Total FH Contract Work scope		\$53.7	\$52.4	\$52.6	-\$1.3	-2.4%	-\$0.1	-0.3%	\$293.9

Variance threshold is +/- \$1M or 10%

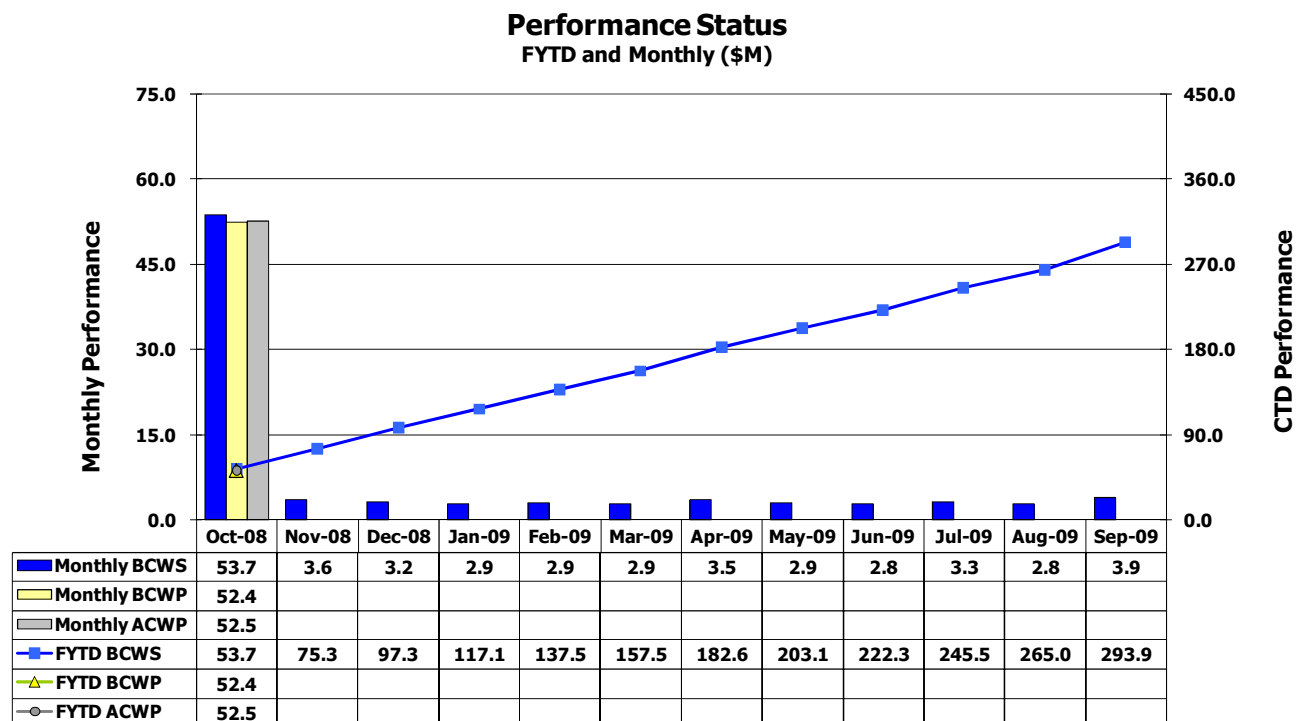
Fiscal Year 2009 To Date		Budgeted Cost of Work Scheduled	Budgeted Cost of Work Performed	Actual Cost of Work Performed	Schedule Variance \$	Schedule Variance %	Cost Variance \$	Cost Variance %	Budget At Completion (thru FY 2008)
RL-0020	Safeguards & Security	\$4.5	\$4.5	\$3.6	\$0.0	-0.9%	\$0.9	19.3%	\$68.1
RL-0040	Nuclear Facility D&D, Remainder of Hanford	\$1.5	\$0.9	\$1.0	-\$0.7	-43.1%	-\$0.1	-14.8%	\$17.8
	General Site Services	\$44.8	\$44.8	\$44.9	\$0.0	-0.1%	-\$0.1	-0.2%	\$170.5
Subtotal Sub-project Work scope		\$50.9	\$50.2	\$49.5	-\$0.7	-1.4%	\$0.6	1.3%	\$256.5
400.01.01	Request for Services (RFSs)	\$0.5	\$0.4	-\$0.1	-\$0.1	0.0%	\$0.4	114.4%	\$6.7
400.01.02	HAMMER RFSs	\$0.5	\$0.5	\$0.0	\$0.0	0.0%	\$0.5	0.0%	\$2.2
400.01.03	National Guard Bureau RFS	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	0.0%	\$0.0
400.02.01	WFO Transfers - CHPRC	\$1.3	\$0.9	\$2.7	-\$0.4	-31.3%	-\$1.8	-198.3%	\$22.4
400.02.02	WFO Transfers - WRPS	\$0.3	\$0.3	\$0.4	\$0.0	0.0%	\$0.0	-15.1%	\$4.4
400.02.03	WFO Transfers - CHG Closeout	\$0.0	\$0.0	-\$0.2	\$0.0	0.0%	\$0.2	0.0%	\$0.0
400.03.01	WFO Non-Transfers - PNNL	\$0.1	\$0.1	\$0.1	\$0.0	-40.4%	\$0.0	-0.5%	\$0.8
400.03.02	WFO Non-Transfers - BNI	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	-13.6%	\$0.0
400.03.03	WFO Transfers - AMH	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	6.0%	\$0.2
400.03.04	WFO Transfers - ATL	\$0.0	\$0.0	\$0.0	\$0.0	0.0%	\$0.0	50.0%	\$0.1
400.03.05	WFO Transfers - WCH	\$0.1	\$0.1	\$0.1	\$0.0	0.0%	\$0.0	-18.8%	\$0.7
Total Work For Others		\$2.8	\$2.2	\$3.0	-\$0.6	-20.3%	-\$0.8	-34.8%	\$37.4
Total FH Contract Work scope		\$53.7	\$52.4	\$52.6	-\$1.3	-2.4%	-\$0.1	-0.3%	\$293.9

Variance threshold is +/- \$1M or 10%

FYTD Schedule Performance: Fiscal year to date contract schedule performance reflected a -\$1.3M/-2.4 percent unfavorable variance. The negative schedule variance is primarily the result of cancellation of Project L-648, "4732-C Renovations for Fleet Maintenance Facility, " per RL direction. A Baseline Change Request (BCR) is in process to delete this scope. Also contributing to the negative variance is delays on Projects L-614 ("Repeater Sites Facility Safety Renovations"), and L-449 ("Mortar Line 12-Inch Water Line"). See Section B, *Nuclear Facility D&D, Remainder of Hanford* for more details.

FYTD Cost Performance: Fiscal year to date contract cost performance reflected a -\$0.1M/-0.3 percent variance and is insignificant.

Schedule/Cost Performance (\$M), continued



Milestone Performance

Tri-Party Agreement milestones represent significant events in project execution. DOE Enforceable Agreement milestones were established to provide high-level visibility to critical deliverables and specific status on the accomplishment of these key events. The FY 2009 Enforceable Agreement milestone information provided herein is based upon the current baseline including RL-approved changes. Changes from month-to-month in both the total number of milestones to be completed and in the forecast status of upcoming milestones are the result of Baseline Change Request (BCRs) approved during the reporting period.

As of October 1, 2008, the PHMC has only one TPA milestone due in FY 2009: M-026-01S, *Annual Hanford Land Disposal Restrictions Summary Report*, due on April 30, 2009.

Note: the table below reflects data from the Hanford Site Technical Database.

MILESTONE TYPE	FISCAL YEAR-TO-DATE				REMAINING SCHEDULED			
	Completed Early	Completed On Schedule	Completed Late	Overdue	Forecast Early	Forecast On Schedule	Forecast Late	Total FY 2009
Enforceable Agreement	0	0	0	0	0	1	0	1

Government Furnished Services/Items

Listed below are the near-term RL action/commitments required to support FH's accelerated cleanup. Only data for the next 30 days (including any open GFS/I from prior periods) are shown. Items highlighted in "gold" reflect the affected Performance Incentive (PI). Items in "pink" reflect an overdue status. NOTE: GFS/I data is through November 17, 2008.

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	GFS/GFI	RL Letter No. & Date Completed	FH Submittal
							FH Letter No. & Date Completed
There are no GFS/I action/commitments required within the next 30 days.							

Contract Deliverables

Listed below are the near-term FH Contract Deliverable action/commitments required to support FH's accelerated cleanup. Only data for the next 30 days (including any open Contract Deliverables from prior periods) are shown. Items highlighted in "gold" reflect the affected PI. Items in "pink" reflect an overdue status. NOTE: All contract deliverable data is through November 17, 2008, with a seven-day grace period.

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0114	PHMC.C.4.2.41.DELIVERABLES.DELIVERABLES/COMPLETIONS	020.01.01.06 Material Control and Accountability	• Safeguards & Security	PHMC.C.4.2.41.DELIVERABLES	Nuclear Material Accountability Transaction Data Report Due: Monthly		
					Nuclear Material Accountability Transaction Data Report (Oct 2009) Planned: 13 November 2008		
					Nuclear Material Accountability Transaction Data Report (Nov 2009) Planned: 11 December 2008		
CD0115	PHMC.C.4.2.41.DELIVERABLES.DELIVERABLES/COMPLETIONS	020.01.01.07 Safeguards & Security	• Safeguards & Security	PHMC.C.4.2.41.DELIVERABLES	Nuclear Material Balance Report Due: Monthly		
					Nuclear Material Balance Report (Oct 2009) Planned: 13 November 2008		
					Nuclear Material Balance Report (Nov 2009) Planned: 15 December 2008		
CD0169	PHMC.C.5.3.4.DELIVERABLES.DELIVERABLES/COMPLETIONS	000.16.17 Contract Reporting (Baseline)	• Project Systems & Support	PHMC.C.5.3.4.DELIVERABLES	Contract Performance Report Due: Monthly		
					Contract Performance Report (Oct 2008) Planned: 01 December 2008		
CD0173	PHMC.C.5.3.1.DELIVERABLES.DELIVERABLES/COMPLETIONS	000.15.02 Accounting System	• Business Services	PHMC.C.5.3.1.DELIVERABLES	Financial Information System (FIS) Management & Reporting System (MARS) Due: Month-End Deadlines		
					Financial Information System (FIS) Management & Reporting System (MARS) (Oct 2009) Planned: 10 November 2008		
					Financial Information System (FIS) Management & Reporting System (MARS) (Nov 2009) Planned: 11 December 2008		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0179	PHMC, C.5.3.1, DELIVERABLE S, DELIVERABLE S/COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Contract Funds Status Report Due: Monthly		
					Contract Funds Status Report (Oct 2009) Planned: 25 November 2008		
CD0271	PHMC, C.5.3.1, DELIVERABLE S, DELIVERABLE S/COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Depreciation Charges Due: Monthly		
					Depreciation Charges (Oct 2009) Planned: 10 November 2008		
					Depreciation Charges (Nov 2009) Planned: 11 December 2008		
CD0281	PHMC, C.5.3.1, DELIVERABLE S, DELIVERABLE S/COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.5.3.1, DELIVERABLES	Fluor Hanford, Inc., Cost Submittal FHXXXX Due: Monthly		
					Fluor Hanford, Inc., Cost Submittal FHXXXX (Oct 2009) Planned: 12 November 2008		
					Fluor Hanford, Inc., Cost Submittal FHXXXX (Nov 2009) Planned: 11 December 2008		
CD0300	PHMC, C.4.2.52, DELIVERABLE S, DELIVERABLE S/COMPLETIONS PHMC (M327), C.4.2.52, DELIVERABLE S, DELIVERABLE S/COMPLETIONS	000.11.04 Utilities Operations and Maintenance-Water Compliance and Sampling	• Closure Services & Infrastructure	• PHMC, C.4.2.52, DELIVERABLES • PHMC (M327), C.4.2.52, DELIVERABLES	200E, 200W Area Drinking Water Report Due: Monthly		
					200E, 200W Area Drinking Water Report (Oct 2009) Planned: 10 November 2008		
					200E, 200W Area Drinking Water Report (Nov 2009) Planned: 10 December 2008		
CD0581	PHMC, C.4.2.19, DELIVERABLE S, DELIVERABLE S/COMPLETIONS	000.15.02 Accounting System	• Business Services	• PHMC, C.4.2.19, DELIVERABLES	Hanford Site Pension Plans and Savings and Investment Plans - Investment Performance Review Report Due: 60 days following the end of each quarter.		
					Hanford Site Pension Plans and Savings and Investment Plans - Investment Performance Review Report (3rd Qtr CY2008) Planned: 25 November 2008		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0588	PHMC.C.4.2.34.DELIVERABLES/DELIVERABLES/COMPLETIONS	000.04.10 Property System Management	• Business Services	• PHMC.C.4.2.34.DELIVERABLES	Input to Property Information Data System (PIDS) database Due: Annually by December 15th		
					Input to Property Information Data System (PIDS) database (2009) Planned: 15 December 2008		
CD0590	PHMC.C.4.2.34.DELIVERABLES/DELIVERABLES/COMPLETIONS	000.04.10 Property System Management	• Business Services	• PHMC.C.4.2.34.DELIVERABLES	Contractor Personal Property Management Balanced Scorecard Report Due: Annually by December 15th beginning December 15, 2007		
					Contractor Personal Property Management Balanced Scorecard Report (2008) Commitment: 15 December 2008 Planned: 15 December 2008		
CD0594	PHMC.C.4.2.50.DELIVERABLES/DELIVERABLES/COMPLETIONS	000.11.05 Utilities Operations and Maintenance-- Electrical Utilities	• Closure Services & Infrastructure	• PHMC.C.4.2.50.DELIVERABLES	Breakdown (by contractor) of BPA power and transmission billing. Due: Monthly		
					Breakdown (by contractor) of BPA power and transmission billing. (Sep 2008) Planned: 17 November 2008		
					Breakdown (by contractor) of BPA power and transmission billing (Oct 2009) Planned: 25 November 2008		
CD0604	PHMC.C.5.9.7.DELIVERABLES/DELIVERABLES/COMPLETIONS	000.04.03 TPA Support	• Environment, Health, Safety, & Quality	• PHMC.C.5.9.7.DELIVERABLES	TPA milestone status reports and statistics Due: Monthly		
					TPA milestone status reports and statistics (Oct 2009) Planned: 13 November 2008		
					TPA milestone status reports and statistics (Nov 2009) Planned: 15 December 2008		

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Contract Deliverables, continued

Ref ID	SOW Section	WBS Scope	Responsibility	Requirement	Deliverable	FH Letter No. & Date Completed	Needed GFS/GFI
							RL Letter No. & Date Completed
CD0640	PHMC.C.4.2.54.DELIVERABLES.DELIVERABLES	000.15.07 Hanford Site Benefit Plans for Employees and Retirees	• Workforce Services	• PHMC.C.4.2.54.DELIVERABLES • PHMC.H.26(a)(10)	[Fernald Legacy] Cost Management and Status Report for each Legacy Plan (See H.26(a)(10)) (Quarterly)		
					Cost Management and Status Report for each Legacy Plan (See H.26(a)(10)) (4th Qtr 2008) Planned: 14 November 2008		
CD0641	PHMC.C.4.2.54.DELIVERABLES.DELIVERABLES	000.15.07 Hanford Site Benefit Plans for Employees and Retirees	• Workforce Services	• PHMC.C.4.2.54.DELIVERABLES • PHMC.H.26(a)(7)	[Fernald Legacy] Itemization of Cost Incurred for Administration of each Legacy Plan (See H.26(a)(7)) (Within 60 days of the end of each plan year)		
					Itemization of Cost Incurred for Administration of each Legacy Plan (See H.26(a)(7)) (2008) Planned: 01 December 2008		
CD0648	PHMC.C.4.2.54.DELIVERABLES.DELIVERABLES	000.15.07 Hanford Site Benefit Plans for Employees and Retirees	• Workforce Services	• PHMC.C.4.2.54.DELIVERABLES • PHMC.H.26(b)(1)(ii)	[Fernald Legacy] Pension Trust Statement (See H.26(b)(1)(ii)) (Quarterly)		
					Pension Trust Statement (See H.26(b)(1)(ii)) (4th Qtr 2008) Planned: 14 November 2008		
CD0649	PHMC.C.4.2.54.DELIVERABLES.DELIVERABLES	000.15.07 Hanford Site Benefit Plans for Employees and Retirees	• Workforce Services	• PHMC.C.4.2.54.DELIVERABLES	Meeting Minutes of the Fernald Benefits Quarterly Committee meetings. Due: Quarterly		
					Meeting Minutes of the Fernald Benefits Quarterly Committee meetings (4th Qtr 2008) Planned: 17 November 2008		
CD0655	PHMC.C.4.2.48.DELIVERABLES.DELIVERABLES/COMPLETIONS	000.15.15 Site Resource Pilot Program	• Richland Operations Center	• PHMC.C.4.2.48.DELIVERABLES	Final SRPP Execution Plan		
					Final SRPP Execution Plan Commitment: 15 November 2008		GF0173 DOE Provide comments on the Draft SRPP Execution Plan Completed: 31 October 2008 0810310043